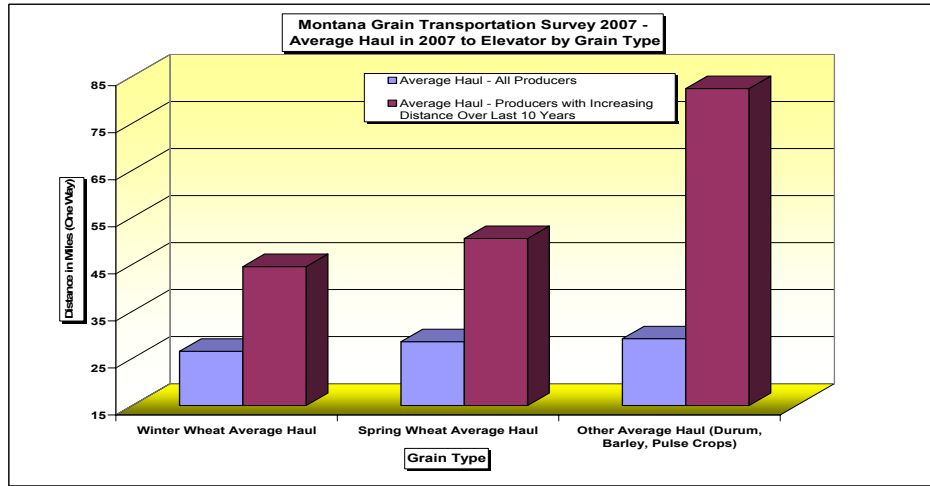


# EXECUTIVE SUMMARY OF THE MONTANA RAIL GRAIN TRANSPORTATION SURVEY AND REPORT 2007

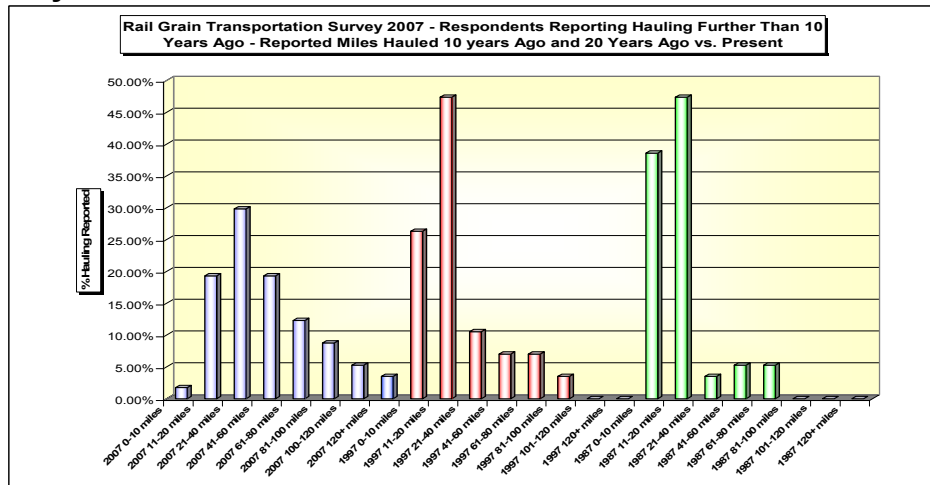
This project completes a second year of contiguous data providing one of the most comprehensive examinations of shipping patterns by Montana farm producers in the marketing of their grain.

The survey in brief found:

1. Grain is being hauled further and further primarily over the state and county highway systems year over year.

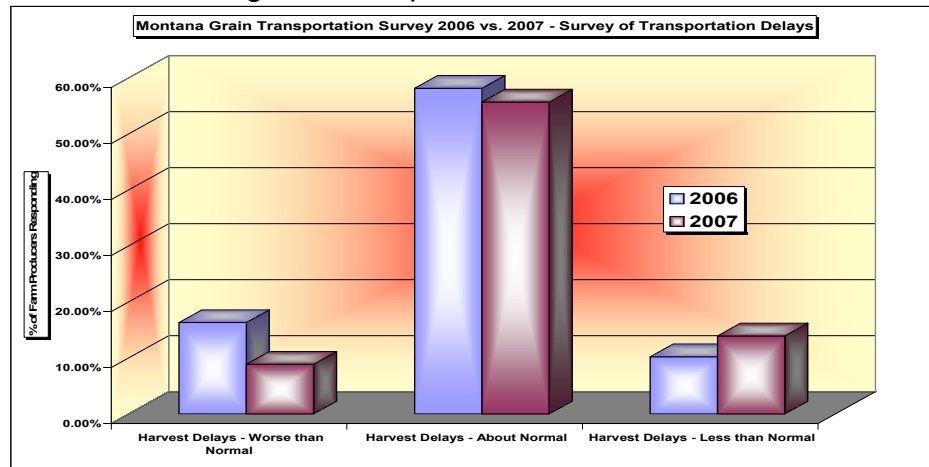


2. The majority of farm producers have experienced increasing hauling distances over the past 10 and 20 years – year over year.



3. Those farm producers experiencing increased haulage are hauling over 2-3 times as far as those farm producers who have not experienced any increased hauling distances and they hauling distances are continuing to increase..

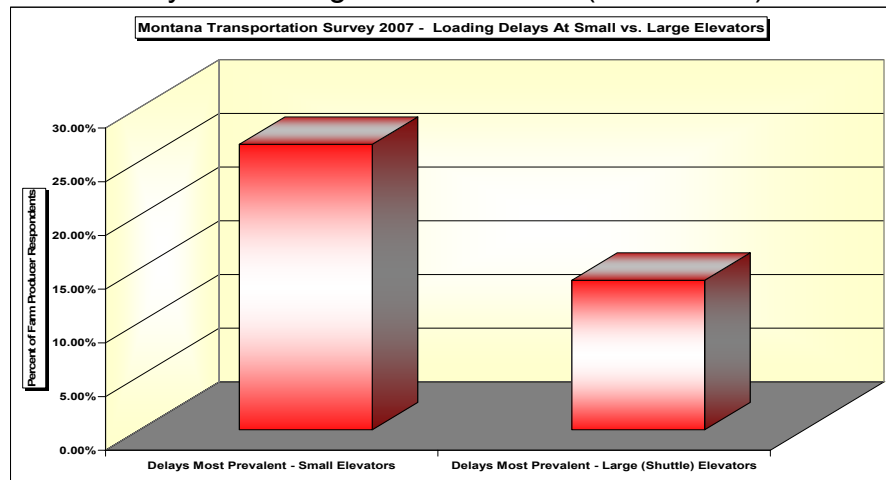
4. **The non-wheat crops are experiencing significantly greater hauling distances than wheat crops**, further burdening alternative and rotational crop practices in both 2006 and 2007.
5. **Some counties show average hauling distances upwards of 80-120+ miles.**
6. As the shuttle operations become more dominant in the capture of grain producer traffic, **farm to market transportation is increasing primarily on Montana secondary and county roads** – which translate to higher future public costs.



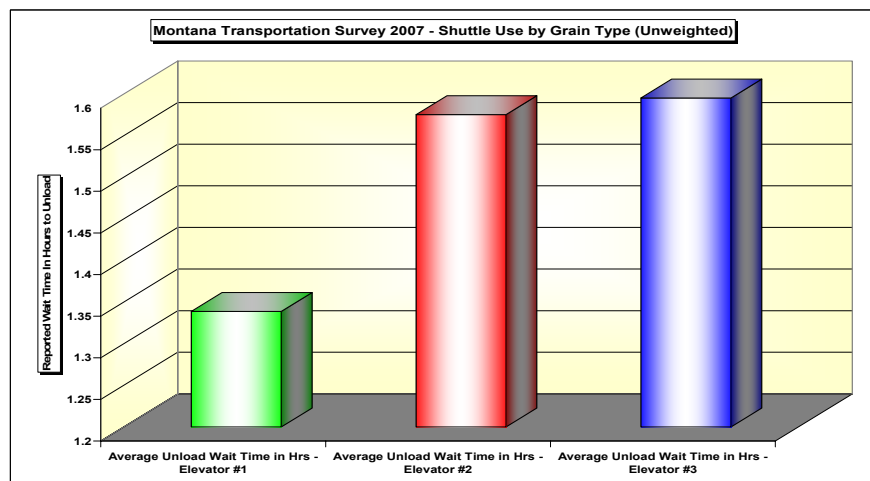
7. The 2007 harvest in Montana could be best described as a tale of two cities, similar in some respects to the 2006 harvest – with Winter wheat showing average to above average yields and Spring wheat, durum, barley, pulse, peas and lentils showing average to below average yields. Although the 2007 showed higher ‘above average’ production percentage response than the 2006, the two harvest years were similar in nature.
8. The vast majority of **Montana farm producers have the capabilities of storing most if not all of their grain production.**
9. Even with the diversity of yields, **most Montana farm producers experienced elevator pluggings multiple times during harvest** – due to what is perceived by the farm producers as lack of rail cars. In conversations with railroads – blame is leveled at the grain industry for not ordering cars in time. On the other hand, officials in the grain industry suggest that they are not the source of the problem. It is troubling that they railroads and grain industry appear to be shooting arrows at each other on transportation car supply, when the farm producers bear the cost of these delays. The good news, the elevator delays did not appear as significant as those experienced in the 2006 harvest.
10. With the multiple elevator pluggings, although most farm producers held onto to their crops and waited for the rail car shortages to abate

rather than take their grain to more distant elevators, **many more this year sought out alternative outlets than in the 2006 survey.**

11. **Farm producers generally thought these delays and elevator pluggings were ‘about average’** and par for the course. Clearly the delays were longer at the smaller (non-shuttle) elevators.



12. **When farm producers chose to utilize alternative elevators, they encountered increased unloading delays at more distant elevators**



13. **As the elevator system is being forced to larger, more rail efficient shuttles coupled with the loss of thousands of miles of rail branchlines in the state, the costs of transportation for gathering grain continues to shift from the railroads to the farm producers and the State and local governments.** This survey quantifies the patterns which show increased use of the State and local highway system (see item 6 above).

14. **The service levels seem to improve in 2007 over 2006.** The railroad is doing considerable outreach with farm producers and it

appears that service level perception by farm producers improved in 2007.

15. This survey found **the increased transportation costs associated with positioning grain at shuttle facilities may not fully cover the increased costs associated with getting the grain to that location.**
16. The results of this study and survey already show that farm-to-rail costs are continuing to increase while the railroads may be achieving their own internal operating efficiencies through railroad and grain company investments in large part paid for by the farm and public sectors. **Some areas are experiencing truck hauls of over 100 miles one way to deliver grain to market elevator**

